

This letter references the Department's administrative rules on computer software. See 86 Ill. Adm. Code 130.1935. (This is a GIL.)

February 26, 2004

Dear Xxxxx:

This letter is in response to your letter dated November 26, 2003, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

We have a question regarding whether or not we should be charging sales tax on our software contracts. We are a software company and our customers using our software must purchase software support contracts each year. This contract gives the customer the ability to call in with questions and speak with a software representative, they also receive our software updates and tax table updates.

If you need additional information regarding this issue or have any questions please give me a call.

#### **DEPARTMENT'S RESPONSE:**

We regret that we cannot provide you with a specific answer in the context of a General Information Letter. Please see the Department's rules on our website regarding the taxation of computer software. 86 Ill. Adm. Code 130.1935. You may also wish to review letter rulings regarding this topic on the Department's website.

I hope this information is helpful. If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If

you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Terry D. Charlton  
Associate Counsel

TDC:msk